GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6028
ANSWERED ON:31.08.2001
BENEFITS TO SOFTWARE COMPANIES
PRABHUNATH SINGH;RAMJI MANJHI

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that several cases come to notice of Government of irregularity in granting incentives to computer software companies and causing revenue loss to the Government;

(b) if so, the details thereof;

(c) whether it is also a fact that the Government do not maintain records in respect of assessee awaiting the exemptions and deductions;

(d) if so, the reasons therefor;

(e) whether there is any proposal to review such cases; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a): Yes, Sir.

(b): It has been reported in C & AG`s Report No.12 Aof 2001 (Chapter 2) that irregular and incorrect deductions u/s. 80HHE, 10A & 10B of the Income-tax Act, 1961 have been allowed in a number of computer software companies in Andhra Pradesh, Delhi, Gujarat, Karnataka, Maharashtra, Rajasthan, Tamil Nadu and West Bengal Charges.

(c)&(d): All such records are maintained in the respective jurisdictional offices of the Income Tax Deptt.

(e)&(f): Remedial measures are taken in all the cases reported by the C & AG to rectify the mistakes.